

**CATAHOULA ASSOCIATION OF
RETARDED CITIZENS, INC.
JONESVILLE, LOUISIANA**

Financial Statements & Auditor's Report

**June 30, 2010
& for the Year Then Ended**

**With Comparative
Totals at June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/9/11

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INDEPENDENT AUDITOR'S REPORT

Catahoula Association of Retarded Citizens, Inc.
Jena, Louisiana

We have audited the accompanying statement of financial position of the Catahoula Association of Retarded Citizens, Inc., (CARC) (a non-profit corporation) as of June 30, 2010, and the related statement of activities, net assets and cash flows for the year then ended. These financial statements are the responsibility of the CARC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the CARC, as of June 30, 2010 and the results of its operations and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010, on our consideration of the CARC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of supplemental information and 2009 comparative information is presented for purposes of additional analysis and is not a required part of the financial statements of CARC. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

John R. Vercher PC
December 20, 2010
Jena, Louisiana

MEMBER
—AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS—
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2010
(With Comparative Totals at June 30, 2009)

	General Fund	Work Activity Fund	Association Fund	(Memo Only)	Total 2009
ASSETS					
Current assets:					
Cash on hand and in banks	\$ 15,295	\$ 2,670	\$ 603	\$ 18,568	\$ 36,195
Cash in savings and time deposits	7,230		3,123	10,353	15,754
Accounts receivable	9,389	3,992		13,381	18,325
Total current assets:	<u>\$ 31,914</u>	<u>\$ 6,662</u>	<u>\$ 3,726</u>	<u>\$ 42,302</u>	<u>\$ 70,274</u>
Noncurrent assets					
Utility deposits	\$ 295			\$ 295	\$ 295
Fixed assets (Net) (Note 4)	264,037	\$ 5,012		269,049	241,495
Total Assets	<u>\$ 296,246</u>	<u>\$ 11,674</u>	<u>\$ 3,726</u>	<u>\$ 311,646</u>	<u>\$ 312,064</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 1,470	\$ 897		\$ 2,367	\$ 2,330
Accrued payroll taxes	379	338		718	754
Short-term loan	3,043			3,043	
Current portion notes payable	10,997			10,997	10,997
Total current liabilities	<u>\$ 15,889</u>	<u>\$ 1,235</u>	<u>\$ 0</u>	<u>\$ 17,125</u>	<u>\$ 14,081</u>
Noncurrent liabilities					
Notes payable (Note 5)	\$ 89,308			\$ 89,308	\$ 96,504
Total Liabilities	<u>\$ 105,197</u>	<u>\$ 1,235</u>	<u>\$ 0</u>	<u>\$ 106,433</u>	<u>\$ 110,585</u>
Net Assets					
Unrestricted	\$ 163,518	\$ 10,438	\$ 3,726	\$ 177,682	\$ 201,479
Temporarily restricted	27,531			27,531	0
Permanently restricted				0	0
Total Net Assets	<u>\$ 191,049</u>	<u>\$ 10,438</u>	<u>\$ 3,726</u>	<u>\$ 205,213</u>	<u>\$ 201,479</u>
Total Liabilities and Net Assets	<u>\$ 296,246</u>	<u>\$ 11,674</u>	<u>\$ 3,726</u>	<u>\$ 311,646</u>	<u>\$ 312,064</u>

See accompanying auditor's report and notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF ACTIVITY AND NET ASSETS
YEAR ENDED JUNE 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	General Fund	Work Activity Fund	Association Fund	Total Year ended June 30, (Memo Only)	2009
SUPPORT AND SERVICE FEES					
State contracts	\$ 164,963			\$ 164,963	\$ 169,811
Federal UMTA Grant	27,998			27,998	
Total Support	\$ 192,961			\$ 192,961	\$ 169,811
REVENUE					
Work activity projects		\$ 27,682		\$ 27,682	\$ 26,996
State use cleaning contract		19,288		19,288	16,827
Interest	\$ 166		\$ 6	172	457
Donations	200	1,720		1,920	1,000
Other		3,630		3,630	1,544
Total Revenue	\$ 366	\$ 52,320	\$ 6	\$ 52,692	\$ 46,824
Total Support and Revenue	\$ 193,327	\$ 52,320	\$ 6	\$ 245,653	\$ 216,635
EXPENSES					
Salaries and client wages	\$ 120,573	\$ 37,720		\$ 158,293	\$ 156,545
Payroll taxes	9,613	3,175		12,788	12,646
Telephone	1,230	182		1,412	1,543
Postage	321	251		572	484
Insurance	10,844	5,899		16,743	15,077
Transportation	5,778	3,840		9,618	11,313
In-service and training	1,375			1,375	1,775
Office supply	715			715	1,468
Utilities	3,125	1,480		4,605	4,020
Fundraiser costs		2,663		2,663	
Maintenance and cleaning	1,072	493		1,565	2,023
Depreciation	6,142	1,301		7,443	16,879
Interest	7,131			7,131	8,448
Supplies	1,119	4,197		5,316	3,478
Professional fees	6,066			6,066	3,065
State use fees		1,092		1,092	1,092
Travel	597			597	
Other	1,542	2,383		3,925	6,342
Total Expenses	\$ 177,243	\$ 84,676	\$ 0	\$ 241,919	\$ 246,197
Net Increase (Decrease) in Net Assets	\$ 16,084	\$ (12,356)	\$ 6	\$ 3,734	\$ (29,562)
Net Assets, Beginning of Year	174,965	22,794	3,720	201,479	231,041
Net Assets, End of Year	\$ 191,049	\$ 10,438	\$ 3,726	\$ 205,213	\$ 201,479

See accompanying auditor's report and notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF CASH FLOWS
TOTAL ALL FUNDS
YEAR ENDED JUNE 30, 2010
(With Comparative Totals for the Year Ended June 30, 2009)

	Year Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other support	\$ 250,427	\$ 211,990
Payments to suppliers	(58,264)	(51,519)
Payments to employees	(171,081)	(169,190)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 23,082</u>	<u>\$ (8,719)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	\$ 172	\$ 457
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 172</u>	<u>\$ 457</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in debt from borrowing		\$
Capital asset additions	\$ (34,998)	(6,508)
Interest paid	(7,131)	(8,448)
Reduction of debt	(7,196)	(10,459)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>\$ (49,325)</u>	<u>\$ (25,415)</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ (26,071)</u>	<u>\$ (33,677)</u>
CASH AT BEGINNING OF YEAR	<u>51,949</u>	<u>85,626</u>
CASH AT END OF YEAR	<u><u>\$ 25,878</u></u>	<u><u>\$ 51,949</u></u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED)		
BY OPERATING ACTIVITIES		
Change in net assets	\$ 3,734	\$ (29,582)
Depreciation	7,443	16,879
Interest earned	(172)	(457)
Interest paid	7,131	8,448
Increase in accounts receivable	4,944	(4,188)
Increase in accounts payable	2	161
Increase in accrued expenses		
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 23,082</u>	<u>\$ (8,719)</u>
 Interest paid	\$ 7,131	\$ 8,448

See accompanying auditor's report and notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

The accompanying financial statements include only the operations of the Catahoula Association of Retarded Citizens, Inc., (CARC), in Jonesville, Louisiana. CARC was organized in 1981 to promote the general welfare of retarded citizens wherever they may be, and, specifically, to provide as normal a work and learning atmosphere in the least restrictive environment for retarded adults in Catahoula Parish. The Association receives revenues mainly from the State of Louisiana and Medicaid under the Supports and Waiver reimbursement programs for Adult Day Services, performs services under its Work Activity Program, and receives nominal funds for other activities from memberships and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In order to ensure observance of limitations and restrictions placed on the use of resources available to CARC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund and, accordingly, all financial transactions have been recorded and reported in the following fund groups:

General Fund - Resources are provided under a contract from the State of Louisiana, based on the days of service provided, a contract covering clients under the Louisiana Medicaid Program - for supports and waiver clients, and by other sources such as interest. Expenditures are of a nature of those specified by the State in Guidelines for Allowable Costs from the Office for Citizens with Developmental Disabilities, except as noted hereafter.

Work Activity Fund - Resources are provided as fees for services performed by the clients and interest and are used to pay wages to the clients and buy such supplies as needed for these services.

Association Fund - Resources are provided from memberships, contributions and interest and are generally unrestricted as to their use.

B. Income Tax Status

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents

D. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

E. Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CARC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Equipment	5-10 years
Buildings	40 years

E. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates that affect reported amounts. Actual results could differ from those estimates.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2010, the Association had cash and cash equivalents (book balances) totaling \$51,950 as follows:

Demand deposits	\$18,468
Time deposits	10,353
Cash on hand	<u>100</u>
Total	<u>\$28,921</u>

These deposits are stated at cost, which approximates market. At June 30, 2010, the Association has \$37,594 in deposits (collected bank balances). These deposits are secured from risk by federal deposits insurance.

NOTE 4 - FIXED ASSETS AND DEPRECIATION

Fixed assets consist of the cost of two vans purchased through the State of Louisiana, DOTD, under UMTA grants for transportation of the elderly and handicapped, other vans purchased with agency funds, the building that houses the operations and offices of the Association and other equipment. Work Activity fixed assets consists mainly of two vans purchased in 1994. Ownership of all fixed assets of the Association, other than the vans, would revert to the Department of Health and Hospitals, Office of Mental Retardation, if the Association was to cease to function. The DOTD holds a reversionary interest in one of the vans. Depreciation is provided on a straight-line basis over the useful lives of the assets.

	<u>General Fund</u>	<u>Work Activity Fund</u>
Land	\$ 17,500	
Equipment and vehicles	83,910	\$17,300
Building and improvements	<u>224,396</u>	<u>17,300</u>
	\$325,806	\$17,300
Less accumulated depreciation	<u>61,769</u>	<u>12,288</u>
Net Fixed Assets	<u>\$264,037</u>	<u>\$ 5,012</u>

NOTE 5 - NOTES PAYABLE

The following is a summary of the long-term obligations for the year ended June 30, 2010:

Long-term obligations at beginning of year	\$107,501
Deductions	<u>7,196</u>
Long-term obligations at end of year	<u>\$100,305</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2010:

Current portion	\$ 10,997
Long-term portion	<u>89,308</u>
Total	<u>\$100,305</u>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Association has no long-term commitments at this time.

NOTE 7 – COMPENSATED ABSENCES

The Association does not have compensated absences.

NOTE 8 - DIRECTOR'S FEES

No fees or reimbursements were paid to directors in the years ended June 30, 2010.

NOTE 9 - RETIREMENT

The employees of the Association are not covered by any retirement plan other than those benefits provided by Social Security

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Catahoula Association of Retarded Citizens, Inc.
Jonesville, Louisiana

We have audited the accompanying basic financial statements of the Catahoula Association of Retarded Citizens, Inc., as of and for the year ended June 30, 2010, which collectively comprise the corporation's basic financial statements and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Catahoula Association of Retarded Citizens, Inc. internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Catahoula Association of Retarded Citizen's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Catahoula Association of Retarded Citizens, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant

deficiencies in internal control over financial reporting (**2010-I-1 Small Size of Entity**). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Catahoula Association of Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

John R. Vercher PC

December 20, 2010
Jena, Louisiana

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2010**

We have audited the basic financial statements of the Catahoula Association of Retarded Citizens, Inc. as of and for the year ended June 30, 2010 and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2010 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Other Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses ☐ Yes ☐ No Other Conditions ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2010**

**Section II Financial Statement Findings Required To Be Reported In Accordance With
GAGAS**

No items to report.

Section III – Internal Control

2010-I-1 Small Size of Entity

Condition: Because of the small size of the CARC and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the CARC's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Contact Person: Debbie Reeves

Anticipated Completion Date: June 30, 2011

Section IV Federal Awards Findings and Questioned Costs

Not applicable.

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the entity's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No items to report.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

**STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Catahoula Association for Retarded Citizens Inc. has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2009.

Reference: 2009-I-1 Small Size of Entity (Unresolved)

Finding: Because of the small size of the entity and the lack of separation of duties, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the entity's cash.

Authority's Corrective Action: Management continues to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, and depositing of funds collected.